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Advertising Age

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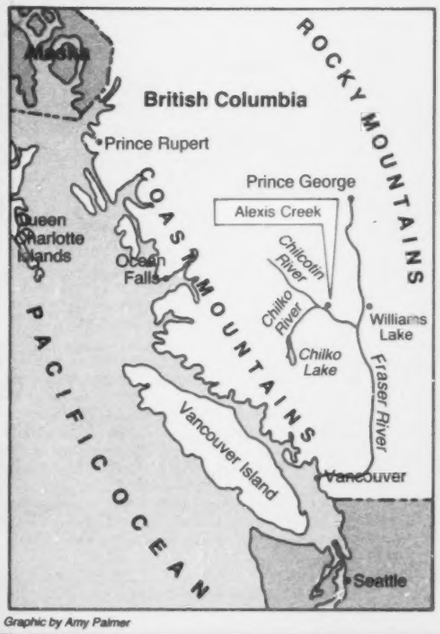


Graphic by Amy Palmer

Tragedy's toll

Five admen perish in Canadian rapids

By SCOTT HUME

Eleven men journeyed to the Chilko River in British Columbia to share one another's company and celebrate their love for life; only six returned.

Killed when their raft overturned in the river's turbulence Aug. 1 were Robert V. Goldstein, VP-advertising, Procter & Gamble Co., Cincinnati; Richard O'Reilly, of Greenwich, Conn., who headed the ad industry's campaign against drug abuse; Stuart Sharpe and Gene Yovetich, both senior VPs and directors of account management at DDB Needham Worldwide, Chicago; and James Fasules, a retired DDB Needham executive.

The purity of their expectations when they left their homes on Wednesday, July 29, for the five-day excursion renders the five men's deaths all the more tragic.

"It was a chance for friends to get together, to trade stories, to fish, to float and most of all to have fun," said DDB Needham's Chicago's

(Continued on Page 57)

More coverage on Pages 54 and 56. Editorial on Page 16.

Chilko River: a long way away to die

By JAMES BRADY

To get to the Chilko River where they died, you leave La Guardia at 7 a.m. and three planes later it is 6 in the evening Pacific Daylight Time and you are still traveling and still 75 or 80 miles from Chilko. This is a long way to go to write a story; it is a long way away to die.

But 11 celebrated and influential men had traveled this way a few days earlier on a rafting holiday. The Chilko

(Continued on Page 55)

Florida ad boycott support slips

By BETH AUSTIN

The advertising boycott of Florida is showing signs of decay, with Kimberly-Clark Corp. and Rust-Oleum Corp. heading back into the market and Beatrice Hunt-Wesson denying it ever left.

Many national advertisers blacked out network commercials, canceled print ads or pulled spot TV to protest the state's 5% sales tax on advertising, which took effect July 1.

Daniel Jaffe, senior VP, Association of National Advertisers, Washington, said he does not believe the companies' returns to the Florida ad market mean opposition to the tax is weakening.

"We have seen no diminishment in opposition," said Mr. Jaffe, whose organization has filed a suit charging the tax is unconstitutional. "Our members have been very much involved in urging us forward on the lawsuit, in a commitment to go all the way to the Supreme Court. . . . It would be very misleading to say, 'OK, the fight's over, Florida won.' I don't see any sign of that. I think a lot of companies are going to—very quietly, without press releases—make economic decisions about their advertising. Florida's in for a very rocky economic time."

Procter & Gamble Co., Cincinnati, which has the nation's biggest ad budget, remains committed to its decision to pull ads from Florida, as do a number of leading advertisers.

The list of companies holding firm in their decision to stop advertising in the state is shortening, however.

Earlier, Johnson & Johnson decided to stop blacking out its national TV commercials and to resume spot TV buys for its products (AA, July 27). New Brunswick, N.J.-based J&J, ranked 20th in U.S. ad spending last year, said it was unwilling to maintain its ad absence from the state because the tax now faces lengthy legal battles.

Following J&J's lead, Irving, Texas-based K-C will resume advertising in Florida Aug. 31, even though the company still opposes the ad tax. Director of Corporate Communications Tina Barry said the decision also was based on the company's belief that the issue will not be resolved quickly.

K-C canceled spot TV support for Huggies disposable diapers July 1 and ordered the TV networks to black out national commercials shortly thereafter.

Ms. Barry declined to discuss what impact nearly two months without TV advertising made on sales of Huggies' in Florida.

Beatrice Hunt-Wesson, following up on a statement made by parent Beatrice Cos., Chicago (AA, Aug. 3), denied it ever blacked out national advertising in Florida.

A spokesman for the Fullerton, Calif.-based unit said it never intended to pull its

(Continued on Page 59)

Nissan drives ad hub West

By JENNIFER PENDLETON

LOS ANGELES—Nissan Motor Corp. USA's decision to hire Chiat/Day here to handle its $150 million advertising account marks the return of one of the country's largest advertisers to the West Coast creative community. It also is indicative of the region's growth as an important advertising center.

In the largest single account switch ever, Nissan chose the agency noted for some of the most creative campaigns of recent years over Chicago's Tatham-Laird & Kudner.

Nissan made the announcement Aug. 3, after securing approval from Tetsuo Arakawa, exec VP in charge of North American operations, based in Japan.

C/D replaces New York-based William Esty Co., which handled the business for more than 10 years.

Speculative creative work presented in C/D's pitch will be the basis of Nissan's 1988 campaign, expected to start in October. Joe Opre, director and general manager of advertising and sales promotion, refused to share details of the campaign, but acknowledged the slogan, "We've got a way to move you," is one theme under

(Continued on Page 59)

Photo by Robert Holmgren

Jay Chiat believes his agency's creative reputation, and its marketing skills, helped win Nissan.

Last Minute News

HHCC gets Hyatt, joins Arby's review

CHICAGO—Hill, Holliday, Connors, Cosmopulos, Boston and New York, has won Hyatt Hotels' $16 million account. J. Walter Thompson USA previously handled. Also, HHCC has been added to Atlanta-based Arby's review of its $10 million-to-$12 million account *(see related story on Page 50)*. The agency's first work for the Hyatt chain, including a return to TV advertising for the first time since 1984, will break in October. HHCC beat out Fallon McElligott, Minneapolis; Ogilvy & Mather and Tatham-Laird & Kudner, both Chicago; and Young & Rubicam, Chicago and New York. The agency joins the Arby's review because Hal Riney & Partners, San Francisco, withdrew. Also in that review are Ammirati & Puris and Levine, Huntley, Schmidt & Beaver, both New York, and W.B. Doner & Co., Baltimore.

Fallon, W&K tail Porsche

RENO, NEV.—Porsche Cars of North America is in contact with Fallon McElligott, Minneapolis; Wieden & Kennedy, Portland, Ore.; and other agencies for its estimated $14 million account. Finalists will be named within two to three weeks. Tatham-Laird & Kudner, Chicago, and Jordan, Case, Taylor & McGrath, New York, also are likely contenders. Porsche will split with Chiat/Day, Los Angeles, Oct. 7, fol-

(Continued on Page 8)

Highlights

Navy's BBDO pick calms ad waters 4

The U.S. Navy's choice of BBDO Worldwide to handle its $12.6 million account closed a year of upheaval among four of the six major military advertisers and their agencies. More than $130 million in billings changed hands before BBDO won a five-year, fixed-fee contract with the Navy.

Marsteller dies at age 73 6

William Marsteller, who died last week at the age of 73, left an indelible mark on the communications business. The 73-year-old founder of Marsteller Inc., who retired in 1979 after selling his company to Young & Rubicam, was an early proponent of the integrated approach to advertising, public relations, research and promotion. He died in his Palm Beach, Fla., home after a brief illness.

Lever adds grease to margarine war 12

Lever Bros. has bought its way to the top of the $1.6 billion margarine category with aggressive acquisitions and hefty advertising, putting an end to Kraft's decades of dominance. But Kraft, facing the possible dethroning of Parkay as the top-selling brand, has shored up its position with its acquisition of Anderson Clayton Foods, marketer of Chiffon.

Cahners testing Beijing 22

Cahners Publishing Co.'s plans for a special magazine edition at an April trade show in Beijing may lead to more overseas ventures for the British-owned company. Following successful expansion into Europe, Asia and South America by McGraw-Hill, CW Communications and others, Cahners will enter the Chinese market next spring with a special edition of its U.S.-based *Electronic Business*

'La Bamba' making waves 41

"La Bamba," originally touted as a "summer sleeper" at the box office, is likely to increase Hollywood's interest in the hispanic market. In the largest effort of its type aimed at the hispanic movie audience, Columbia Pictures spent more than $250,000 for Spanish-language advertising and released 77 Spanish-language dubbed or subtitled prints of its recently released "La Bamba" across the country.

Arby's beefs up sales 50

Sales and profits are sizzling at Arby's at a time when the fast-food industry is fizzling. This year, Arby's, the nation's No. 13 fast-food chain in terms of sales, says comparable store sales will increase 5%, contrasting the industry average growth of about 1% to 2%.

INTERNATIONAL

Publishing acquisitions getting tougher 23

American-style unfriendly takeover battles for leading publishers are emerging in Europe, raising questions about the future of several major publishing groups in the U.K., the Netherlands and West Germany.

McDonald's considers a U.K. salad line 36

McDonald's Corp. may expand its prepackaged salad line to the U.K. following successful introductions in France and West Germany. A decision on this is expected within the next two months.

Australian TV channels changing hands 36

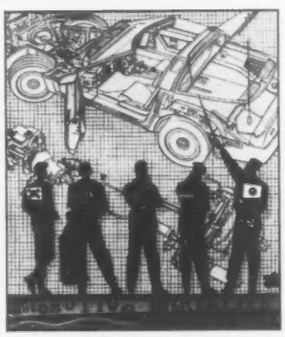
A takeover move early this year by Rupert Murdoch has touched off a series of deals that soon may create three defined TV networks in Australia. Media analysts in ad agencies and brokerage companies believe national networking likely will emerge within the next few months.

OTHER NEWS

It's hard to miss her as she races by, plastered on the side of a Chicago city bus: a pig dressed as the infamous Vanna White under the headline "Squeal of Fortune." Her puzzle partially spells "Wisconsin State Fair, Aug. 6-16" and is one of several humorous ads created by the fair's ad agency, William Eisner & Associates, Milwaukee. Page 34.

A public hearing for the proposed joint operating agreement between the *Detroit Free Press* and *The Detroit News* began last week, 16 months after the two unprofitable newspapers agreed to combine their business operations to end losses caused by intense competition. In opening statements, a lawyer for the group challenging the JOA said the newspapers have sacrificed profitability in an "irrational" and "maniacal" battle for dominance. But the newspapers' lawyer said survival and pursuit of dominance are synonymous in the competitive Detroit market. Page 53.

SPECIAL REPORT



***Automotive Marketing**—The seemingly unending war between U.S. and foreign automakers has reached a truce—temporarily. The peace is based in the growing internationalization of automotive production and marketing, and the increasingly hostile economic environment confronting Japanese importers. Joint ventures and the influx of imports marketed by domestic automakers have opened up new channels of cooperation. And as U.S. producers pick up production tips, Japanese importers are being schooled in U.S. merchandising and marketing strategies as they move inventories. However, angry signals are on the horizon, and analysts speculate the delicate peace will be shattered by an impending price war. Starts after Page 29.*

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AGB exec jumps ship to Nielsen

By VERNE GAY

NEW YORK—AGB Television Research President Joseph Philport abruptly resigned last week to join archrival A.C. Nielsen Co., a symbolic and tactical setback for the British company trying to establish a beachhead in U.S. national TV research.

The switch was particularly surprising because the companies have been engaged in a long-standing feud here and in the U.K.

The companies, engaged in a showdown struggle to establish a successful research business based on people meters, have had mixed success to date.

CBS-TV and ABC-TV have canceled Nielsen because of concerns over the company's conversion to people meters this fall, while AGB has signed only CBS for its people-meter service.

Most industry experts say it is critical to the success of either service to sign up all three.

Mr. Philport's timing also raised questions because AGB's people-meter service is less than three weeks away from start-up. He was the driving force behind AGB's efforts to sell the service to ad agencies, the Big 3 networks, cable networks and syndicators.

People meters are hand-held devices that will replace Nielsen's diary meter-based system of recording viewer demographics.

The resignation "was absolutely a surprise," said Michael Poehner, who joined AGB in June as ceo and took over as president last week. "It will hurt us in the short term."

In a phone interview from his home here, Mr. Philport disputed the idea that his timing posed a problem for AGB and a coup for Nielsen.

"For me, the timing made sense," he said. "I was at AGB from the period of conception to the development of the service. . . . AGB does have a good management team in place, so the initial reaction [of the industry] exceeds the reality. My timing was something I had to consider and there really *wasn't* any good time."

Mr. Philport was named senior VP-director of market development at Nielsen. At AGB he was replaced by Mr. Poehner, 40, who joined the company in June after a 17-year career at IBM, leaving as director-Mid-range Systems, IBM Information Group.

The former AGB exec said he would not be in direct competition with AGB but would concentrate on new-product development for Nielsen.

Mr. Philport's position appeared to become tenuous when Mr. Poehner joined AGB. Mr. Poehner was made head of operations and charged with building AGB's data communications network to clients. Mr. Philport was involved in sales only.

Then, in July, Mr. Philport hired Barry Kaplan, a former Ted Bates Advertising research executive, to handle sales and marketing.

Mr. Philport's resignation raised questions about AGB's future because agency and TV sources say only one service—either Nielsen or AGB—may survive the battle.

The TV networks are resisting the "coexistence" of AGB and Nielsen because of the added cost and because it would complicate program planning and sales strategies.#

JWT bid falls short

Cruiseship line hires Goodby

SAN FRANCISCO—American Hawaii Cruises, a cruise line operator based here, appointed Goodby, Berlin & Silverstein to replace Keye/-Donna/Pearlstein, Los Angeles, on what it claims is a $3 million-to-$4 million account.

GB&S won the account over late entrant J. Walter Thompson USA, San Francisco, in the finals of a review involving several shops here.

West Coast News

Richard Russo, 35, senior VP-associate creative director, Della Femina, Travisano & Partners, New York, this week transfers to the agency's Los Angeles office as senior VP-creative director. Mr. Russo succeeds Jim Weller, who has taken a senior creative position with Hal Riney & Partners. Mr. Weller will be based in Los Angeles, where the Riney agency intends to open a branch office.

California has hired Gene Stone, 35, consulting editor of *Los Angeles Times Magazine*, as its editor in chief. Mr. Stone succeeds Harold Hayes, who left the Los Angeles-based monthly early in the year. Mr. Stone, who starts next month, was a senior editor at *Esquire* from 1982 to 1984. He also was a West Coast editor for Simon & Schuster.

DDB Needham Worldwide, Los Angeles, promoted Jeri Moore, senior VP-director of research and planning, to director of account services and planning, a new post. Observers say Ms. Moore is a leading contender to become agency president. President Alan O. Pando is slated to succeed Montgomery McKinney as chairman.

Robert Kuperman, previously exec VP-exec creative director there, had been in line for the top spot at the DDB Needham office before he left for Chiat/Day (AA, July 27).#

Special Report

Mitch O'Connell

International truce only temporary

By Beth Bogart

Pull in the Stars & Stripes, haul down the Rising Sun, unfurl the white flag—but don't hoist it too high.

The battle between U.S. and Japanese automakers has reached a temporary truce, largely because of the rapid devaluation of the dollar against the yen and increased joint ventures. But those factors have set the stage for a new battle—a price war—by the 1990s.

The dramatically improved position of the domestic auto industry—resulting in better labor relations, lower costs and higher quality—helped bring about the armistice. "The automotive industry has witnessed a substantial reduction of tensions bilaterally," says John Mathieson, director-international policy center at SRI International, Arlington, Va.

The rhetoric coming from domestic manufacturers and Capitol Hill suggests that protectionist sentiment has peaked. Although Congress probably will pass a trade bill this fall—the Senate and House already passed versions—the final legislation probably will soften the more extreme provisions. A likely target is the Gephardt amendment, which mandates retaliation against nations that run big trading surpluses with the U.S.

The final bill is likely to focus on export promotion as opposed to import containment, Mr. Mathieson says. "We're working on a bill that the president can sign," says Senate Finance Committee staffer Bob Maddox; President Reagan has promised to veto any bill that violates his free-trade philosophy.

Recent reports showing that the nation's trade deficit appears to have peaked also are contributing to the diminished interest in pu-

(Continued on page S-2)

Beth Bogart is a New York-based free-lance writer specializing in political affairs and Capitol Hill coverage.

The import drive

Market share, U.S. registrations

	1986	1985
General Motors	41.5%	42.8%
Imports	28.2	25.9
Ford Motor	18.2	18.9
Chrysler	11.5	11.2
AMC	.7	1.2

Note: Totals may not equal 100% because of rounding.
Source: R.L. Polk & Co.

'87 sales a junkyard? Analysts ease off

By Gene Ely

It's been a bum year for car sales so far. But now there's at least one consolation: The panic talk apparently is over.

Analysts, after fitfully scaling down their estimates through spring, are unified in pegging 1987 sales at around 10.2 million cars, about 9.7% down from 1986's record-breaking 11.3 million cars, according to Bala Cynwyd, Pa.-based Wharton Econometrics. Sales in 1988 are expected to match 1987's.

Despite domestic manufacturers having 1.9 million unsold cars at the end of June, up 2.3% from a year ago, and a 75-day inventory vs. a 63-day supply last year, some analysts now are arguing that 1987 isn't such a bad year after all. Often overlooked in the car sales tally, says Maryann Keller, VP, automotive analyst, Furman Selz Mager Dietz & Birney, New York, are light trucks bought for use as passenger vehicles. Light trucks continue to sell well, up 2.8% over 1986, which was up almost 5% over the previous year.

Because buying trucks as passenger vehicles represents an expensive, essentially discretionary purchase, consumer optimism may be at far higher levels than nay-sayers suggest. "People who have money are still spending money, and many are buying trucks," says Ms. Keller.

But the long-term outlook, at least for domestic automakers, remains grim. Even with Japanese car sales in the U.S. slowing, analysts are predicting continuing market share losses for domestic producers as a group.

Gene Ely is a Hackensack, N.J.-based free-lance writer.

■ *Though light-truck gains remain a bright spot, long-term domestic outlook is dimmer*

Total imports will reach 3.24 million this year, up from 3.05 million in 1986, predicts Thomas O'Grady, president, Integrated Automobile Resources in Wayne, Pa. Japanese import sales will slide to 2.1 million units, some 200,000 cars under their allotment, from 2.37 million in 1986.

Ronald Glantz, an industry analyst with San Francisco-based Montgomery Securities, predicts imports will command a 31% U.S. market share in 1988, up from 29.8% this year, and will reach 38% by 1990. The number of so-called immigrants—cars built in the U.S. by foreign producers—will leap as a slew of new plants come on-line, leading Mr. Glantz to predict that by 1990 imports and immigrants combined will reach 43%.

Of the Big 3, General Motors Corp. will lose the most, he says, sliding from a 41% market share last year, to 37.5% this year to 30% by 1990. Chrysler Corp. will gain slightly next year, while Ford Motor Co. will slip, Mr. Glantz says.

While praising Ford and Chrysler, he slams GM for high costs, indecision and lack of vision. "GM hasn't established what it wants to be," he says. "People at the top are not really as product-oriented as they should be."

The company suffers from too much second-guessing, says Mr. O'Grady. "They may need the sort of monstrous hemorrhaging or shakeup that Ford and Chrysler went through. They just don't seem hungry enough."

The first signs of bleeding are most apparent at the bottom line. GM's profits will decline 24.3% in 1987, Mr. Glantz predicts, while Ford and Chrysler will be up 38.4% and 13%, respectively. The combined profits of the Big 3 and American Motors Corp. will be up 10.2%, he says.

As widely reported, 1987 car sales initially were hurt by the loss of sales tax deductions. Prodded by much-touted incentives, consumers flooded showrooms last fall, effectively borrowing car sales from 1987.

Sales in December were running at a 9.6 million annual rate; in January they dropped to a 5.1 million rate. "A lot of people underestimated how big that buy-in-advance effect was," says Edward Sullivan, director-automotive services at Wharton Econometrics, which

(Continued on Page S-4)

Truce only temporary

(Continued from Page S-1)

nitive measures.

Not only has protectionist passion eased on Capitol Hill, but concern has shifted from the automotive industry to more embattled industries, such as electronics and capital machinery. Even General Motors Corp. has modified its traditional anti-protectionist stance to support President Reagan's retaliatory tariffs on Japanese semiconductors.

"There's a feeling that the American automotive industry has recovered, as well as that other sectors are witnessing more blatant protectionism in Japan," Mr. Mathieson says.

Lee Iacocca, Chrysler's chairman, indicates that protectionist sentiment would rise again in Congress if foreign nameplates garner 35% of the U.S. market. In fact, domestic producers still are pushing legislation that would blockade Japanese inroads; Chrysler suppliers were urged to lobby for the Gephardt amendment.

The issue has become muddied now that the Japanese are manufacturing more cars in America. These facilities still rely heavily on Japanese parts—currently an estimated 70%—but they are not subject to import quotas because the autos are assembled in the U.S.

The so-called voluntary quota, which limits Japanese imports to 2.3 million cars annually, is not likely to be reached again, says Van Bussman, assistant corporate economist at Highland Park, Mich.-based Chrysler Corp. He expects the Japanese to import no more than 2 million cars this year, and less than 2 million in 1988.

But that doesn't mean they are sacrificing U.S. market share. Japanese car-makers, including both imports and U.S.-assembled cars, increased their share of the U.S. car market from about 25% in 1985 to 29% in 1986, says one analyst. Their 1987 share may climb as high as 32% as many expand or build U.S. plants. By 1990, Japan should be capable of manufacturing some 2 million cars annually in the U.S. Add that to the 2.3 million cars and more than 900,000 trucks they can import, and their U.S. total could hit 5.2 million.

Ford Motor Co. executives recently called for reducing the import quota to less than 2 million to account for the homegrown "imports." Both Ford and Chrysler also suggest that the system should measure and include the value of imported Japanese parts.

Government action on the latter issue currently appears unlikely. "Legislators have an easier time dealing with cars exported by the Japanese than with parts," says Jim Arbury, an aide to Sen. Donald Riegle (D-Mich.). "When it comes to parts, people outside Michigan don't think about it much."

Even in Michigan, domestic producers concede that the strong yen has helped "level the competitive playing field, with U.S. companies more or less competitive with the Japanese in the manufacturing sense," says Mr. Bussman. Ford and GM spokespeople concurred with his assessment. "Chrysler is much less in the position we were in three or four years ago in terms of needing government action."

Chrysler also is embarking on a joint venture with Mitsubishi Motors Corp. along the same lines as New United Motor Manufacturing Inc., a GM-Toyota Motor Corp. joint venture, further reducing the acrimony. "When you're really struggling for your very survival, it's hard to be on buddy-buddy terms with the person who could wipe you out," Mr. Bussman says. "But when it appears you're in a fairly secure economic position, it's easier to do joint ventures and be more relaxed about your competition."

But while Detroit's protectionist passions may have cooled, "there is no doubt that the Japanese are extremely concerned about a revival of protectionist sentiment in the U.S.," says Edward Sullivan, director-automotive services at Wharton Econometrics, Bala Cynwyd, Pa. "If political tensions increase protectionist sentiment, the Japanese can shift their supply to the U.S. market via these plants, which currently are only operating at about 85% capacity."

Japanese automakers' growing U.S. manufacturing capacity is expected to create unprecedented competition among car makers by 1990, as supply outstrips demand. At that point, major price wars are likely, say several analysts, and the primary battles will be waged in sticker prices, not in rebates and discount financing.

"There's no doubt the market is going to be very price sensitive," says Doug Mahin, group VP-sales at Pennsauken, N.J.-based Subaru of America. One estimate is that the price of compacts currently selling for more than $8,000 could decline by perhaps $1,000.

Although sticker prices have not yet dropped dramatically, import dealers have suffered the first casualties. The additional dealer profit of $700 to $1,000 that many customers used to pay for Japanese cars has "virtually disappeared," says Mr. Sullivan. He predicts that the yen will continue to appreciate, to about 135 yen to the dollar by 1990, adding further pressure to the price war.

The primary front will be in the area of the small car market, particularly with increased competition from low-cost mod-

(Continued on Page S-4)

Chrysler Corp. print ads point up the price hike differences.

The leaders of the pack

Domestics

	1986 unit sales	% change 1985-86
1. Chevrolet Celebrity	408,946	12.5%
2. Ford Escort/EXP	402,181	-4.4
3. Chevrolet Cavalier	357,093	-17.2
4. Oldsmobile Cutlass Ciera	329,930	-1.1
5. Ford Tempo	265,382	-5.6
6. Ford Taurus	263,450	6395.3
7. Olds 88	261,260	38.9
8. Buick Century	240,747	2.7
9. Cadillac	235,206	25.3
10. Chevrolet	226,132	-8.0

Imports

	1986 unit sales	% change 1985-86
1. Honda Civic/CRX	212,791	2.3%
2. Nissan Sentra	158,890	-11.4
3. Toyota Corolla	152,137	-9.6
4. Toyota Camry	151,767	18.4
5. Honda Accord	112,767	-7.9
6. Nissan Maxima	112,756	13.8
7. Toyota Celica	106,731	32.6
8. Chevrolet Spectrum	99,380	85.4
9. Volkswagen Jetta	93,610	13.1
10. Chrysler/Mitsubishi Colt	93,343	22.5

Source: *Automotive News*

Ford revs its engines, other domestics stall

% of total U.S. car market, January-June

	1987	1986
General Motors	37.6%	43.5%
Ford	20.3	18.0
Chrysler	10.7	11.2
Honda	6.6	5.4
Nissan	5.4	4.7
Toyota	5.1	4.9
Other imports	4.9	9.6
Hyundai	2.5	.9
Volkswagen	1.9	2.1
Mazda	1.8	1.8
Subaru	1.5	1.6
Volvo	1.2	1.1
AMC	.4	.7

Source: *The Wall Street Journal*

'87 sales

(Continued from Page S-2)
estimates that 400,000 vehicles were sold as a direct result of changes in sales tax deductions.

Less noted, though, were two other tax reform-created dampers: elimination of capital gains and investment credits. May is traditionally the beginning of the spring buying season, with down payments funded by tax returns. This May fewer filers received returns, "all but eliminating that spring buying season," says Mr. O'Grady.

Viewing the remainder of 1987, analysts see one possible glitch: a probable mid-September auto workers strike to protest the outside purchasing of auto parts led by Chrysler.

As a result automakers will drop consumer incentives in mid-August to build inventories in the event of a walkout, reimposing them with a vengeance after the issue is settled.

A more remote threat is the possibility of a recession. Most economists see 1989-90 as the next slump, coinciding with the next presidency, historically a time of recession.

But Lawrence Chimerine, Wharton Econometric's president, says there's a one-in-three chance of a recession in the next 12 months if already debt-laden consumers retrench and if U.S. trade suffers. "If it wasn't for the U.S.' better trade performance," he says, "we'd be in a recession already."

In assessing the 1987 downturn, analysts distribute blame on a number of factors. One factor behind the domestics' dilemma is a continuing image problem concerning quality. Despite recent gains, especially by Chrysler and Ford, consumers have long memories. As Ford was hurt in the mid-'60s by quality problems that occurred five years earlier, Mr. Glantz says, GM is now taking a beating for its poor quality cars of the early '80s.

Price increases are cited as another factor. Domestic automakers hiked wholesale prices an average 6.6%, or $700, following Japanese import price hikes of $1,300 last year.

Mr. Glantz says lesser hikes would have been matched quickly by the Japanese and the domestics would have made less without increasing market share.

Another factor no one disputes is the morass of incentives. They don't create new sales but delay them, analysts say. Consumers now figure discounts into their purchase plans, no longer rushing out to grab the first deal.

"Incentives are good for clean-ups," Ms. Keller says. "The dealer who is stacked up can get rid of cars. But they don't boost demand over an extended period."

Incentives also have been used to swing market share, she says. "The trouble is, in this market where everyone is struggling for market share, it becomes a tit-for-tat situation, and they cancel each other out."

The incentive problem has been elevated by the offers' increasing complexity. Rather than last year's straightforward discounts or low-interest deals, incentives now are so hinged with contingencies, say analysts, that consumers are confused.

"[Consumers] have to look at an incentive and immediately see the advantage," Ms. Keller says. "It's hard for people to believe they're getting a real deal."

Incentive apathy has hit within the ranks as well, Mr. Sullivan says. A recent Wharton study found auto salespeople often didn't know which of their cars carried incentives, and that those models that did were given them because "they are dogs."

Incentives have to become more value-added to change not only the "dog" car imagery but to stop the market share swap syndrome. Value-added incentives can't be copied by the competition because they are too specifically tailored to a product, says Joe Flanagan, president of Chicago-based Impact, Foote Cone & Belding's sales promotion subsidiary.

> ***"People who have money are still spending money."***
>
> **Maryann Keller**
> **automotive analyst**

The success of the straight rebate/low-interest financing incentives is perhaps the primary factor in this year's sales slowdown.

Last year's incentive-induced record sales simply were the finale of a four-year stellar performance. Citing the huge numbers of recent car purchases, analysts say that pent-up demand has simply been fulfilled.

"People have bought, year to date—if you include lightweight trucks—60 million vehicles for personal transportation over the last 4½ years. That's an all-time record for any period," Ms. Keller says.

In the process, they have accumulated a huge debt. "In the past several years, a larger portion of consumer spending has been funded by borrowing than ever before," says Mr. Chimerine. "Consumers are borrowed up and spent out."

In addition car loans are being paid off in four and five years, rather than two or three as was more common previously. "Consumers are simply going to be out of the market longer," Ms. Keller says. "They've got a relatively new vehicle in the driveway, and they are not going to buy again until they pay up on the old one."

Mr. Sullivan isn't so sure demand has declined greatly. He's predicting full-year sales of 10.2 million, with the remainder of the year experiencing an annualized rate of 10.5 million or 10.6 million, about what analysts were predicting for the full year back in January before all the panic talk. Overall, his figures suggest consumers are both willing and able to buy.

In March some 66% of those polled by the University of Michigan said they felt now was a good time to buy a new car. And while this is down from 73% a year earlier, it is still a healthy figure. Moreover, interest rates are about even with those in '86, running at an annualized rate of 9.4%, against 9% for 1986 and 9.5% for 1985.

Mr. Sullivan admits that debt is at an all-time high but also says no one knows the absolute debt threshold. Although credit-card spending is rising, he says, "that doesn't mean I can't take out more loans. Presumably, I have more cash in the bank, so it's just trading one asset for another.

"The consumer debt burden hasn't been pushed to the threshold yet. There's still room for it to grow," Mr. Sullivan says. "We're saying it has hindered auto sales a little bit; it hasn't caused an outright retrenchment.

"You can't say it's been a bad year," he says. "You just can't say it's been as good as last year." AA

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Truce

(Continued from Page S-2)
els imported from Brazil, Korea, Yugoslavia and other countries. Chevrolet recently introduced a version of its Isuzu-built Spectrum at a price of $6,495, $917 less than the previous base price.

Japanese automakers' most common response to the dollar-yen relationship has been to raise prices, however. In June Mitsubishi raised the retail price of its passenger cars an average of $227. Last month American Isuzu Motors raised its car prices an average of 1.5% and its truck prices 3.7%, and Hyundai Motor Co. upped the cost of its 1988 Excel an average of 3% or $225.

Chrysler jumped on the opportunity to point out Japan's current pricing problems in a spread ad that trumpeted the "good news" that Japanese manufacturers have increased their prices by 20% over the past two years while American cars' stickers have only gone up 8%. The "better news," according to the ad, was that Chrysler's prices went up 4.3% compared with Ford's 8.3% and GM's 8.7%.

Some observers scoff at the domestics' self-congratulatory response to a worldwide economic situation that has given them a price advantages. They could have made even more impressive sales gains had they not increased their prices even 4% or 8%, they say.

"For the last five or six years, the U.S. automakers have been saying with a single voice, 'Give us a level playing field' so we can compete with the relative labor costs that favored the Japanese," says George Levy, editor, Detroit-based *AutoWeek*, a sister publication of ADVERTISING AGE. "Now that the level playing field has been handed to them, they haven't taken advantage of it; all they've done is continue to raise their prices." AA

Captives break importers' bonds

By Janice Steinberg

It sounds like the start of an automotive tall tale: "Hey, did you hear the one about the car designed in Japan, built in Mexico and sold by a U.S. company?" The Japanese-Mexican-U.S. hybrid is no joke, however. Designed and engineered by Hiroshima-based Mazda Motor Corp., produced at Ford Motor Co.'s plant in Hermosillo, Mexico and introduced this March in the U.S. by Ford's Lincoln-Mercury division, the Mercury Tracer is one of the latest signs of the growing globalization of the automotive industry.

After initially staggering under the import barrage, Ford, General Motors Corp. and Chrysler Corp. have joined forces with many of their foreign competitors. The resulting captive imports and joint ventures accounted for 6.1% of the Big 3's 1986 U.S. auto sales, and 4.3% of all 1986 car sales in the U.S. J. David Power III, president, J.D. Power & Associates, a Westlake Village, Calif.-based automotive research company, projects they will account for 8% of the 1991 U.S. market.

Janice Steinberg is a frequent contributor to Special Report.

Broadly defined as cars produced in another country and imported by a U.S. marketer, which then puts its marque on them, captive imports are the most common of the international arrangements. In 1986 the Big 3 marketed eight captives; so far this year the number is up to 12.

Captive imports are spurred first and foremost by consumer demand, says Tom Mason, Warren, Mich.-based marketing manager for Chevrolet passenger cars. "We will go anywhere in the world to satisfy the American automotive public at a Chevrolet dealership. If a segment of the public prefers Japanese-built automobiles, we will sell them those kinds of cars."

Captive imports also help fill niches—particularly for inexpensive, entry-level cars—without waiting three-to-five years for products to be developed, Mr. Mason says.

Although GM's Pontiac division has the most recent addition—a Korean-built $5,995 LeMans was introduced this June—Chevrolet leads the other GM divisions in captive importing. Since summer 1985 Chevrolet has sold the Suzuki Motor Co.-made Sprint and the Isuzu Motors Ltd.-produced Spectrum at base prices of less than $8,000. The Chevrolet Tracker, an upscale version of the Suzuki Samurai, will be introduced in fall 1988.

Like Chrysler and Ford, which both own pieces of foreign manufacturers, GM holds 5.3% of Suzuki, 38% of Isuzu and 50% of LeMans manufacturer Daewoo Motor Co.

And then there's NUMMI. New United Motor Manufacturing Inc. in Fremont, Calif., is a 50-50 partnership between GM and Toyota. It pairs Japanese management and American workers to produce 600 Chevy Novas and 650 Toyota Corolla FXs and Toyota Corolla FX16s daily, says Michael Damer, NUMMI community relations spokesman.

Company research shows that NUMMI's first offering, the 1986 Nova, was GM's No. 1 model in terms of overall product satisfaction, he says. Bill Fuller, media relations manager at Torrance, Calif.-based Toyota Motor Sales, USA, says the operation proves that cars built in the U.S. can achieve the same quality standards that have come to be associated with Japanese production.

The proof of that notion can be found in Nova's 1986 sales of 170,507 units, up from June to December 1985's figure of 35,594. GM is encouraged to the point that it is embarking on a second joint venture, opening an Ontario-based plant with Suzuki in November 1988.

Chrysler has not ignored NUMMI's success, launching Diamond-Star Motors in Bloomington, Ill., a joint venture with Mitsubishi Motors Corp. The first product, a two-door sports coupe, will be released in 1989, says Robin Skiles, Diamond-Star PR manager. In 1990, Diamond-Star will introduce a four-door compact sedan. Chrysler and Mitsubishi will split all production 50-50.

Diamond-Star is the latest chapter in a long relationship between the two automakers. Chrysler, which owns 24% of the Japanese company, brought in Mitsubishi products as the first captive imports in 1971. Its Mitsubishi line now includes the Chrysler Conquest, Dodge and Plymouth Colts, and Dodge and Plymouth Colt/Vistas. They accounted for more than 11% of Chrysler's January to May 1987 auto sales, the largest share of sales commanded by captives among the Big 3.

Chrysler also leads the Big 3 in total imports. Chrysler imported 219,000 vehicles in 1986, including the Mitsubishi-made Dodge Ram 50 and Raider trucks as well as passenger cars, making it the fifth largest importer behind Toyota, Nissan, Honda and Mazda. Chrysler also is developing a luxury sports coupe to be introduced next year in conjunction with Maserati, of which Chrysler owns 15%.

Ford has been the slowest of the Big 3 to get involved in imports. In 1986 the Lincoln-Mercury division sold only the Mercury Merkur XR4Ti, which accounted for less than 1% of its U.S. car sales. This year the company added the Merkur Scorpio and the Tracer to its Mercury line, and introduced the Ford Festiva, which is designed by Ford, engineered by Mazda and built by Seoul-based Kia Motors Corp. Ford owns 25% and 10% of each company, respectively.

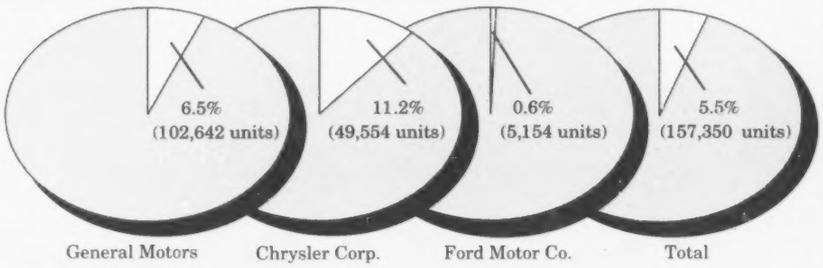
Ford takes a different approach with its Mercury imports. Merkurs are built by Ford of Germany; although designed by Mazda, the Tracer is manufactured at a Ford-owned plant in Mexico.

"They're pure Ford," says L.R. Windecker, manager-public affairs, Dearborn, Mich.-based Ford research and analysis. "We don't buy anything built by somebody else."

(Continued on Page S-16)

A captive audience

Captive imports and joint ventures as % of January-May 1987 sales



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Big bang

(Continued from Page S-8)

non-GM franchises, helped develop Saturn's distribution plan and franchise agreement. Although the 16 have not been guaranteed a Saturn franchise, late this summer they will select the first dealers, to be announced early next year.

Dealers will be selected based on their commitment to customer satisfaction and will be monitored constantly. Any dealer may be selected to carry Saturn, but Mr. Hudler says more than 75% probably will be GM dealers.

After passing a selection process that involves two questionnaires and a visit from a Saturn inspection team, dealer candidates will be invited to company headquarters. They will sit down with corporate personnel and develop a dealer-specific marketing plan. If both parties agree on the plan, an agreement will be finalized.

Dealers also will serve on a high-level strategic planning team, and will be consulted on proposed changes in the franchise agreement. The approach hardly seems revolutionary, but Frank McCarthy, exec VP of McLean, Va.-based National Automobile Dealers Association, says it is. "For years, we've been asking manufacturers to involve dealers in decision-making. Dealers meet customers every day and getting their comments would be very valuable."

But the plethora of entry level cars has forced Saturn to re-think the product. The Saturn of 1990 is expected to be sportier, more upscale and higher priced than originally planned.

In addition, the entire Saturn project has been a victim of GM's corporate-wide cost-cutting. The initial production run was scaled down from 500,000 cars annually to 200,000.

And Saturn is no sure-fire thing. With GM's profitability sliding, Chairman Roger Smith has said he doesn't know if Saturn will work. Whether GM's clean sheet approach to auto production is written in red or black ink will not be determined for two years.

NDI shoots down tradition in true Western style

In a concrete building nestled into the San Diego hillside, East meets West. The East, represented by the building's design and its owners—Nissan Motor Co.—runs head-on into Western thought, complete with its history of industrial design and disdain for tradition.

Welcome to Nissan Design International, an institution founded in 1980 to take the best of both worlds.

When Takashi Ishihara—then president, now Nissan chairman—offered Gerald Hirshberg a job as NDI's director-design, Mr. Ishihara told him Americans were both unpredictable and disrespectful of tradition. "In Japan, we're orderly, predictable, rational. We are honor-bound to tradition. We change at reasonable, predictable speeds. We can deliver quality, efficiency, excellence, and you can deliver this audacious energy," Mr. Ishihara said.

Mr. Hirshberg does not seem to have missed a delivery. "Innovation is thumbing your nose at tradition," he says. "It's saying, 'Hey, I can do it better. I can throw out your way.' It's in a way connected to a destructive impulse. Kids know you have to knock down blocks so you can build them up again. The Japanese don't like to knock down blocks."

Working with a small team of designers, engineers and industrial sculptors, Mr. Hirshberg, formerly a designer at General Motor's Pontiac and Buick divisions, delivered dramatic redesigns of the company's light truck and Pulsar. NDI also designed the four-wheel-drive Pathfinder and restyled the 300ZX.

The truck, dubbed the Hardbody, was NDI's first product. It departs from the light-truck norm by emphasizing the cabin rather than the hood or the truck bed, and featuring "sophisticated rather than typically crude truck forms," Mr. Hirshberg says.

Introduced in January 1986, the Hardbody won design awards, but its sales proved disappointing. "We hoped to sell an average of 20,000 units a month," says Sheldon Payne, corporate product development manager at Nissan's U.S. headquarters in Carson, Calif. Instead monthly sales averaged 18,659 units from its introduction in January 1986 to May 1986. Hardbody sales were down to an average 14,750 per month from January to May 1987.

Mr. Payne attributes the slow sales to price factors. "Our cheapest truck is $6,999, Mazda's is $6,799, and Mitsubishi's is $6,499, which means a lot in a very price-sensitive market. Here we are with a fine product that is well-engineered and well-designed, and consumers are trying to get the cheapest thing they can.

"The problem wasn't the styling," he says. "We're very happy with the design."

Nissan's Hardbody won plaudits for design, but not sales.

Nissan's happiness with NDI extends to the Pathfinder, which was named "4x4 of the Year" by *4 Wheel & Off-Road* and by *Four Wheeler*. But of all NDI products, the redesigned

Break bonds

(Continued from Page S-12)

Mazda will take over Ford's Flat Rock, Mich., plant to produce both Mazdas and a small Ford specialty car that will complement the Mustang, Mr. Windecker says. Ford also is talking to Nissan Motor Co. about developing a new vehicle.

"The clear distinctions—this is a Ford or this is a Chevy or this is an import—just aren't so clear anymore," says Charles Brady, VP, analyst at New York-based Oppenheimer & Co.

Captive imports, he says, soon may be replaced by global component manufacturing and vehicle production. "The captive imports were a function of a macroeconomic setting where it was much cheaper to produce subcompacts outside the U.S. It is becoming as cheap or cheaper to produce those vehicles here."

Toyota is opening wholly owned factories in Georgetown, Ky., and Cambridge, Ont. It joins Honda and Nissan, which already produce cars in the U.S. Fuji-Isuzu also is planning a U.S.-based operation.

"I think you will see sourcing not only from Asia but from other parts of the world," Mr. Mason says. "I know this company [Chevrolet] is committed to the majority of its production base being in the U.S."

Japanese automakers probably would welcome a shift. They entered the agreements to gain volume customers and distribution channels, and then saw voluntary export restrictions prevent them from marketing the bulk of their exports. For example, Chrysler controls 72% of Mitsubishi's U.S. exports; only 28% go to Mitsubishi Motors of America.

No one expects a weakening of the alliances between the Big 3 and foreign automakers, however. While the value of the yen is making Japan a costly producer, areas including Korea, Taiwan and Latin America may fill any gap.

Regardless of what happens to captive imports, they say the joint venture is here for the long haul. "The best way to accommodate technology changes is through joint ventures," says Mr. Power. "The cost of inve ing in a new product is such that joint ventures make a lot of sense."

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Harley-Davidson trades restrictions for profits

By Beth Bogart

Harley-Davidson Motor Co. revved back into profitability after four years of federally mandated protections from its Japanese competitors. It ended its rough ride back from the edge of bankruptcy with a dramatic request: that the government withdraw the tariffs a year before they were to expire.

Harley's request to the U.S. International Trade Commission to terminate tariffs on large Japanese motorcycles was "largely a philosophical gesture," says Kathleen Lawler-Demitros, director-marketing services for the Milwaukee-based company. "We thought it was important for the public to understand that *existing* legislation can be very effective in allowing American industries to regain competitiveness. We didn't ask for special help or new legislation; we just asked the government to implement existing provisions."

Some trade experts predict Harley's experiences could influence future Congressional trade debates, including those on a pending trade bill. "It certainly shows that in some cases temporary protectionism can help," says one congressional aide. "But it probably won't do much for the auto industry because there's a sense that they've had a temporary reprieve as well—the voluntary quota of 2.3 million cars.

"And Detroit is doing well," he says, "so why are they asking for a continuation? They should realize what a good PR move Harley made and follow suit."

That move currently does not seem likely. Although 1986 was Dearborn, Mich.-based Ford Motor Co.'s most profitable year, in January Harold Poling, Ford's president, called for stiffer restraints on Japanese imports.

The Harley example may not be viewed as being relevant for saving an entire industry, however. In 1903, when Harley started, 150 other American companies manufactured motorcycles. The company now represents the entire U.S. motorcycle industry and occupies only one niche in the market, selling high-powered cycles to serious bikers.

The Reagan Administration imposed the special tariffs in 1983, when Harley's share of the 700cc or larger motorcycle market had dropped to 12.5% from 21.2% in 1978, and the company was facing bankruptcy. The tariffs followed a sliding scale—adding 45% to the cost of comparably sized Japanese imports the first year and declining to 10% by April 1, 1988—to give Harley time to implement planned manufacturing improvements.

Harley introduced such practices as just-in-time manufacturing, in which parts are made only when needed, and statistical process control of operations, which minimizes production errors. The company downshifted the percentage of defective bikes from about 50% to less than 2%. "There has been strong employee involvement to shore up quality," Ms. Lawler-Demitros says.

Harley also took a close look at marketing, deciding to build on its "greatest strength, our closeness to our customers," she says. Harley was the first manufacturer to endorse demonstration rides, something all of its competitors now do; was the first to start a motorcycle club, which now has 73,000 members; and emphasizes that "dealers, management and all levels of employees" are motorcycle riders, Ms. Lawler-Demitros says.

By 1986, the company had met its goal so successfully that Harley had recaptured 19.4% of the market share and posted its first profit in five years. In March Harley asked that the tariffs be lifted.

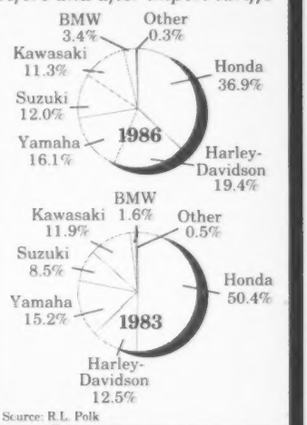
Also by March, the international economic situation had changed dramatically. The dollar had fallen more than 50% against the yen in the last 18 months, keeping Japanese manufacturers from reducing prices with or without tariffs.

Harley's competitors reacted in much the same way to the tariff as did Japanese carmakers to the "voluntary" quotas. Honda Motor Co. and Kawasaki Motors Corp. established U.S. motorcycle assembly facilities, which are exempt from import restraints.

Harley's request, in the end, was largely symbolic. "The tangible benefits of asking the ITC to terminate tariff aid were fairly inconsequential," says Ms. Lawler-Demitros. "We wanted to acknowledge all the people who helped us put them in place." AA

Harley hogs business

Share of market, 700cc or larger engines before and after import tariffs



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AKRON, OH

	1987 Full Run	1987 Part Run	1986 Full Run	1986 Part Run
Beacon Journal (E)	101 650	——	105 535	——
Beacon Journal (S)	84 622	——	66 736	——
Grand Total	186 272	——	172 271	——

NOTE: Part run figures not available.

ALLENTOWN, PA

Call (M)	167 663	——	177 171	——
Call (S)	104 789	——	80 572	——
Grand Total	272 452	——	257 743	——

NOTE: Part run figures not available.

ASBURY PARK, NJ

Press (E)	202 041	38 568	198 689	26 142
Press (S)	208 960	26 008	147 168	18 431
Grand Total	411 001	64 576	345 857	44 573

ATLANTA, GA

Constitution (M)	174 530	86 809	193 163	74 074
Journal (E)	176 957	98 692	193 001	70 406
Journal & Constitution (S)	154 697	81 222	136 697	58 614
Journal & Constitution (Sat)	61 299	——	53 808	——
Grand Total	567 483	266 723	576 669	203 094

NOTE: Constitution Morning and Journal Evening published five days a week only.

BALTIMORE, MD

Sun (M)	141 854	8 852	135 653	1 094
Sun (E)	112 930	8 845	99 708	990
Sun (S)	196 050	69 825	141 270	42 501
Grand Total	450 834	87 522	376 631	44 585

BERGEN COUNTY, NJ

Record (E)	164 119	24 514	172 322	23 477
Record (S)	193 756	58 161	137 705	44 311
Grand Total	357 875	82 675	311 027	67 788

BOSTON, MA

Herald (M)	92 658	——	68 979	——
Herald (S)	76 043	64 668	17 839	36 863
Globe (M)	158 577	72 567	158 849	14 450
Globe (S)	240 532	62 824	177 639	34 255
Grand Total	519 810	140 059	423 306	85 568

BUFFALO, NY

News (AD)	118 037	23 330	128 393	21 603
News (S)	91 080	39 567	72 414	19 520
Grand Total	209 117	62 897	200 807	41 123

CAMDEN, NJ

Courier-Post (E)	137 074	22 203	139 006	23 708
Courier-Post (S)	76 390	13 640	59 372	8 929
Grand Total	213 464	35 843	198 378	32 637

CHARLOTTE, NC

Observer (M)	124 745	——	138 669	——
Observer (S)	87 921	——	76 419	——
Grand Total	212 666	——	215 108	——

NOTE: Part run figures not available.

CHICAGO, IL

*Tribune (M)	138 810	266 813	131 046	263 358
*Tribune (S)	133 572	106 605	119 066	113 920
Sun-Times (M)	148 618	84 734	148 031	94 392
Sun-Times (S)	11 034	64 643	64 163	27 882
Grand Total	431 234	522 795	462 306	499 552

NOTE: Tribune figures supplied by publisher to Media Records. 1987 figures represent advertising for 4/27/87 to 5/24/87.

CINCINNATI, OH

Enquirer (M)	157 959	8 121	182 277	8 133
Enquirer (S)	151 694	32 611	132 742	12 594
Post (E)	77 247	25 448	83 192	20 286
Grand Total	386 900	45 586	398 211	39 013

CLEVELAND, OH

Plain Dealer (M)	144 001	34 158	161 001	46 628
Plain Dealer (S)	142 975	9 851	109 899	8 610
Grand Total	286 976	44 009	270 900	55 238

DALLAS, TX

News (M)	283 555	7 880	321 061	10 421
News (S)	196 718	20 516	169 420	10 757
Times Herald (AD)	229 724	17 070	243 382	31 405
Times Herald (S)	136 585	19 866	121 412	27 422
Grand Total	846 582	65 532	855 278	80 410

DENVER, CO

Rocky Mt. News (M)	297 512	5 867	297 861	1 098
Rocky Mt. News (S)	118 275	817	98 197	800
Post (M)	204 767	24 580	203 250	8 031
Post (S)	153 512	2 322	126 913	——
Grand Total	774 068	31 586	726 221	9 929

DETROIT, MI

Free Press (M)	98 100	53 922	110 694	45 877
Free Press (S)	54 209	47 973	48 132	34 705
News (AD)	158 263	49 544	175 951	51 012
News (S)	110 184	34 195	90 808	38 137
Grand Total	420 756	185 634	425 585	169 731

ESCONDIDO, CA

Times-Advocate (E)	101 128	2 873	99 827	526
Times-Advocate (S)	50 209	——	47 908	——
Grand Total	151 337	2 873	147 735	526

FORT LAUDERDALE, FL

News & Sun-Sentinel (S)	133 496	——	101 023	——
Sun-Sentinel (M)	262 262	——	296 119	——
Grand Total	395 758	——	397 142	——

NOTE: Part run figures not available. Morning figures include the Saturday Edition.

FORT WAYNE, IN

Journal Gazette (M)	80 462	——	81 136	——
Journal Gazette (S)	74 817	——	69 332	——
News Sentinel (E)	85 293	——	89 588	——
Grand Total	240 572	——	240 056	——

NOTE: Part run figures not available.

GREENWICH/STAMFORD, CT

Time (E)	89 440	7 290	90 327	1 065
Time (S)	81 296	6 361	62 674	——
Advocate (E)	112 393	23 781	112 402	20 414
Advocate (S)	81 988	6 775	61 400	——
Grand Total	365 117	44 207	326 803	21 479

HARTFORD, CT

Courant (M)	157 766	44 435	164 363	40 722
Courant (S)	107 064	196 364	84 294	131 392
Grand Total	264 830	240 799	248 657	172 114

HONOLULU, HI

Advertiser (M)	132 163	——	134 605	——
Star Bulletin (E)	118 306	——	123 419	——
Star Bulletin & Advertiser (S)	101 270	——	74 588	——
Grand Total	351 739	——	332 612	——

HOUSTON, TX

Chronicle (AD)	220 760	39 575	257 580	37 110
Chronicle (S)	145 153	44 706	114 926	28 749
Post (M)	146 431	33 692	175 783	27 685
Post (S)	85 638	24 376	75 669	29 982
Grand Total	597 984	142 349	623 956	123 726

LONG BEACH, CA

Press Telegram (M)	111 546	49 001	117 383	48 492
Press Telegram (S)	65 709	10 546	57 229	561
Grand Total	177 255	59 547	174 612	49 053

LONG ISLAND, NY

Newsday (E)	118 708	143 390	168 970	118 981
Newsday (S)	108 623	156 866	102 178	96 165
Grand Total	227 331	300 256	271 148	215 146

LOS ANGELES, CA

Times (M)	301 157	103 868	326 086	285 987
Times (S)	197 568	112 139	162 364	94 869
Herald Examiner (M)	87 879	9 360	81 706	7 567
Herald Examiner (S)	20 514	10 241	16 395	9 489
Grand Total	587 118	435 608	566 551	397 912

LOS ANGELES/SAN FERNANDO VALLEY, CA

News (M)	196 667	30 458	216 815	34 973
News (S)	101 593	1 941	88 542	712
Grand Total	298 260	32 399	305 357	35 685

*LOS ANGELES/TORRANCE, CA

Breeze (E & S)	229 740	——	224 591	——
Grand Total	229 740	——	224 591	——

NOTE: Figures supplied by publisher to Media Records.

*MEMPHIS, TN

Commercial Appeal (M)	151 626	88 584	145 275	116 388
Commercial Appeal (S)	107 283	12 592	97 402	6 416
Grand Total	258 909	101 176	242 677	122 804

NOTE: Figures supplied by publisher to Media Records.

MIAMI, FL

Herald (M)	151 898	——	166 683	——
Herald (S)	107 746	——	83 450	——
News (E)	58 705	——	62 726	——
Grand Total	318 349	——	312 859	——

NOTE: Part run figures not available.

MINNEAPOLIS, MN

Star & Tribune (AD)	120 208	24 922	125 892	28 136
Star & Tribune (S)	167 389	5 285	138 170	4 394
Star & Tribune (Sat)	33 001	——	31 347	——
Grand Total	320 598	30 207	295 409	32 530

*NASHVILLE, TN

Banner (E)	104 252	——	116 047	——
Tennessean (M)	105 985	——	119 774	——
Tennessean (S)	118 506	——	90 942	——
Grand Total	328 743	——	326 763	——

NOTE: Figures supplied by publisher to Media Records.

NEW BRUNSWICK, NJ

Home News (E)	89 098	5 708	101 829	2 654
Home News (S)	97 082	18 945	75 222	7 138
Grand Total	186 180	24 653	177 051	9 792

NEW YORK, NY

Times (M)	184 158	17 985	187 080	17 147
Times (S)	238 378	147 060	188 900	101 796
News (M)	67 064	94 498	67 235	108 927
News (S)	52 765	106 021	37 724	83 872
Post (AD)	71 042	967	66 452	807
Grand Total	613 407	366 531	547 391	312 549

NEWARK, NJ

Star Ledger (M)	232 380	5 389	235 966	6 563
Star Ledger (S)	252 143	45 036	180 070	28 720
Grand Total	484 523	50 425	416 036	35 283

OAKLAND, CA

Tribune (M)	93 106	67 357	86 842	80 516
Tribune (S)	45 746	56 088	37 725	38 914
Grand Total	138 852	123 445	124 567	119 430

OCEANSIDE, CA SAN DIEGO COASTAL NORTH COUNTY

Blade-Tribune (E)	100 989	5 273	94 219	4 134
Blade-Tribune (S)	51 756	970	51 603	——
Grand Total	152 745	6 243	145 822	4 134

NOTE: Blade-Tribune Evening published five days a week only.

ORANGE COUNTY, CA

Register (AD)	322 023	91 031	335 953	98 961
Register (S)	163 709	——	121 807	10 503
Grand Total	485 732	91 031	457 760	109 464

PHILADELPHIA, PA

Inquirer (M)	161 730	28 734	176 102	47 111
Inquirer (S)	159 949	97 813	120 720	57 399
News (E)	86 415	1 898	97 118	5 045
Grand Total	408 094	128 445	393 940	109 555

*PHOENIX, AZ

Arizona Republic (M)	236 070	13 590	248 982	13 101
Arizona Republic (S)	146 749	——	152 759	——
Gazette (E)	225 467	13 844	240 146	13 199
Grand Total	608 286	27 434	641 887	26 300

NOTE: Figures supplied by publisher to Media Records.

*PROVIDENCE, RI

Journal (M)	95 222	85 935	92 864	85 003
Journal (S)	107 548	72 970	111 236	45 877
Grand Total	202 770	158 905	204 100	130 080

NOTE: Figures supplied by publisher to Media Records.

*ST. LOUIS, MO

Post Dispatch (M)	117 731	37 727	126 268	38 990
Post Dispatch (S)	163 770	692	119 220	519
Grand Total	281 501	38 419	245 488	39 509

NOTE: Figures supplied by publisher to Media Records.

ST. PAUL, MN

Pioneer Press Dispatch (AD)	101 850	——	105 743	——
Pioneer Press Dispatch (S)	138 987	——	105 558	——
Grand Total	240 837	——	211 301	——

NOTE: Part run figures not available.

SAN ANTONIO, TX

Express-News (AD)	114 828	38 359	137 330	33 147
Express-News (S)	96 510	39 783	73 883	40 646
Express-News (Sat)	42 616	——	45 837	——
Light (AD)	127 934	24 979	133 152	30 108
Light (S)	110 891	8 906	87 592	12 472
Light (Sat)	30 660	2 688	38 627	——
Grand Total	523 439	114 715	516 421	116 373

NOTE: Express-News All Day and Light All Day published five days a week only.

SAN DIEGO, CA

Union (M)	218 628	38 446	231 140	30 744
Union (S)	153 232	——	123 366	——
Tribune (E)	221 796	38 419	231 163	28 287
Grand Total	593 656	76 865	585 669	59 031

SAN FRANCISCO, CA

Chronicle (M)	133 598	60 101	145 390	69 728
Examiner (E)	129 268	58 878	——	——
Examiner & Chronicle (S)	95 407	39 997	77 094	41 545
Grand Total	358 273	158 976	222 484	111 273

NOTE: 1986 Examiner Evening figures not available.

SAN JOSE, CA

Mercury News (AD)	297 679	17 271	307 028	26 688
Mercury News (S)	176 237	233	145 987	——
Grand Total	473 916	17 504	453 015	26 688

*STATE COLLEGE, PA

Centre Times (E)	84 658	2 168	96 691	1 626
Centre Times (S)	46 502	539	34 855	771
Grand Total	131 160	2 707	131 546	2 397

NOTE: Figures supplied by publisher to Media Records.

*TOLEDO, OH

Blade (E)	114 210	——	128 205	——
Blade (S)	123 231	——	96 535	——
Grand Total	237 441	——	224 740	——

NOTE: Figures supplied by publisher to Media Records.

WASHINGTON, DC

Post (M)	292 202	52 602	291 980	47 212
Post (S)	190 616	63 035	149 647	46 093
Grand Total	482 818	115 637	441 627	93 305

WASHINGTON, DC SUBURBAN GROUP

Montgomery Journal (M)	70 188	466	69 252	893
Fairfax Journal (M)	81 473	1 204	79 618	1 269
Grand Total	151 661	1 670	148 870	2 162

NOTE: Montgomery Journal Morning and Fairfax Journal Morning published five days a week only.

WESTCHESTER/ROCKLAND, NY

Reporter Dispatch (E)	97 079	22 695	99 632	13 836
Reporter Dispatch (S)	101 683	39 151	92 351	20 981
Grand Total	198 762	61 846	191 983	34 819

WICHITA, KS

Eagle-Beacon (M)	121 914	——	132 157	——
Eagle-Beacon (S)	91 838	——	74 029	——
Grand Total	213 752	——	206 186	——

NOTE: Part run figures not available.

Source: Media Records

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REPORTING METHODOLOGY

Media Records continues to measure in linage but due to the introduction of the SAU 6 column format Media Records has designed and developed a methodology with the approval of our subscribers, the INAME Measurements Committee, The ANPA-NAB Working Committee, The AAAA Newspaper Committee, and other industry groups.

The approved methodology is titled The Media Records Conversion System (MRCS) and is based upon the printed page area of each product of the newspaper and is a five step approach as follows:

1. Measure Printed Page
   Width and Depth in Inches
2. Determine Square Inches of Page
   Multiply Width by Depth Inches
3. Determine the Number of SAU Inches of Page
   Divide the Square Inches by 2.0625 (SAU Inches)
4. Measure the Total Lines of the Page
   Multiply Column Depth Agate Lines by the Number of Columns on the Page
5. Determine the Factor for Converting Measured Lines to Reported SAU Inches
   Divide the Total Lines of Page by the Number of MRCS SAU Inches of the Page

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